BRITISH COLUMBIA
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BC Stats

Infoline

Contact: bcstats.infoline@gov.bc.ca Issue: 08-36 September 5th, 2008

- **Unemployment rate inches down to 4.3% in August, but job growth stalls**
- **Investment in residential structures shrinks 1.4% in second quarter; spending on other buildings drops off 3.9%**
- **Traffic accidents, alcohol & drug poisoning most common causes of accidental death in 2006**

Labour Force

- **British Columbia's unemployment rate inched down again in August, falling to 4.3% (*seasonally adjusted*).** The latest decline in the jobless rate was largely due to a slight contraction of the labour force (-0.1%, or -2,800 people). Employment was virtually unchanged (+0.0%) from July.

  The province's marginal job growth (+500 people) was due to an upturn in the goods sector, where employment rose 0.3% in August, building on even stronger gains (+1.7%) in the previous month. Employment in construction rose another 2.5%, while the volatile utilities (+4.8%) and agriculture (+7.2%) industries also took on more workers. However, the number of people with jobs in manufacturing shrank (-2.0%) for the first time since April.

  The service sector cut back (-0.1%) for the second month in a row as public administration (-2.9%), education (-2.3%) and health care (-1.1%) all pared down their workforce. Employment also fell in the finance, insurance & real estate (-8.6%) and information, culture & recreation (-4.1%) industries. On the other hand, there were more jobs in wholesale & retail trade (+3.3%) and transportation & warehousing (+4.3%) and the accommodation & food services industries saw employment rise slightly (+0.2%) for the first time since the beginning of the summer. *Data Source: Statistics Canada*

- **More men (+1.1%, *seasonally adjusted*), but fewer women (-1.2%) in BC were working in August.** The number of men with jobs has been increasing since the beginning of the summer, as most of the recent job growth has occurred in goods industries which traditionally employ more men than women.

  There were fewer full-time (-1.0%), but more part-time (+4.5%) jobs available, and the number of self-employed workers increased significantly (+2.4%) for a third straight month. However, public sector employment was down 2.5%.

  The youth unemployment rate rose to 8.2%, while the jobless rate for those aged 25 and over fell 0.3 percentage points to 3.5%.

  Data Source: Statistics Canada

- **Among the regions, unemployment rates ranged from 3.8% (*3-month moving average, unadjusted*) in Vancouver Island/Coast to 7.6% in North Coast/Nechako.** Residents of Mainland/South-west (4.4%) and Thompson/Okanagan (4.9%) experienced relatively low unemployment rates, but jobs were harder to find in Northeast (6.3%), Cariboo (7.2%) and North Coast/Nechako (7.6%).

  In Kootenay, where the jobless rate was 5.1%, the exodus of people from the labour force (accompanied by an ongoing decline in employment) appears to be coming to an end. It is the only region where the number of people with jobs is below 2007 levels. Despite the recent downturn, the incidence of unemployment in Kootenay remains significantly lower than it was earlier in the decade. *Data Source: Statistics Canada*

- **The Canadian jobless rate held steady at 6.1%, as the labour force and employment rose in tandem (+0.1%, *seasonally adjusted*).** Alberta (3.5%) continued to have the lowest unemployment rate in the country, while Manitoba (3.9%), BC (4.3%) and Saskatchewan

Report Bad News for Newsprint Exports

Did you know...
Approximately 30% of Canadian high school students work at part-time jobs during the school year. *Source: Statistics Canada*

(4.5%) were also well below the national average. In other provinces, the jobless rate ranged from 6.3%in Ontario to 13.8% in Newfoundland.

The Economy

- **Investment in residential structures fell (-1.4%, *seasonally adjusted*) in the second quarter, marking the first time since late 2006 that residential investment in BC has declined.** Spending on new single-family dwellings (-5.6%) and row (-0.9%) housing was down, but investment in duplexes (+7.5%) and new apartment projects (+3.9%) continued to rise. However, the increase for apartments was well below the rates seen during the last five quarters. British Columbians also invested less in improvements to (-7.9%), and conversions (-21.6%) of, existing dwellings.

Data Source: Statistics Canada & BC Stats

- **Investment in non-residential buildings in the province also fell in the second quarter, dropping (-3.9%) for the third quarter in a row.** Investment in new industrial buildings was down 10.9%, and spending on institutional & government (-4.5%) and commercial (-2.8%) projects also slumped. Investment in institutional and government buildings has been falling since the third quarter of last year.

Note: these estimates are revised from an earlier, preliminary, release.
Data Source: Statistics Canada

Public Service

- **During the second quarter of 2008, one in six (397,000) British Columbians with jobs worked in the public sector.** Health, social service and educational institutions were the largest employers, with 238,000 people on their payrolls. Another 123,500 BC residents worked for federal, provincial and local government ministries and agencies, while 35,500 were employed by crown corporations.

There were 16,700 (+4.4%) more public sector employees in the first quarter of this year than in the same period of 2007. Employment was up in most parts of the public sector, most notably among crown corporations (+19.5%) and general provincial government (+6.2%). In actual numbers, provincial business enterprises (+26.0%) saw the largest employment increases, with an addition of 5,170 new employees.

Nationwide, public sector employment reached 3.4 million in the second quarter of 2008, up 3.1% from the same period in 2007. Public sector employment has been increasing at a steady pace since 2000 after years of decline throughout the 1990s, when most regions cut back on public service jobs. Between April and May of this year and the same months of last year, employment growth in the public sector was concentrated in British Columbia, Alberta and Ontario. Total public sector wages and salaries in Canada grew 4.9% compared with the same quarter last year.

Data Source: Statistics Canada

Deaths

- **In 2006, there were a total of 30,522 deaths in the province, a quarter (or 7,780) of which were reported for investigation to the British Columbia Coroners Service (BCCS) as *sudden* or *unexpected*.** Of the 7,780 deaths reported to the BCCS, most (72%) were classified as "natural". Many of the remaining deaths were deemed by BC coroners as "accidental" (17%) or "suicide" (6%), with four percent being classified as "undetermined" and just two percent deemed "homicide".

Of the 1,290 accidental deaths in 2006, the most common causes were related to a motor vehicle traffic incident (408), alcohol and drug poisoning (316) and falling (208). Further accidental deaths occurred as the result of occupational (63) or recreational (82) activities. Motor vehicle incident (MVI) fatalities have been declining in recent years, sliding a full eight percent between 2005 and 2006. Seventy-two percent of deaths involving an MVI were male and alcohol was a contributing factor in nearly a quarter (22%) of all vehicular fatalities.

While the greatest number of deaths occurred in the Fraser region in 2006, the highest mortality rates were observed in the more rural regions of BC, such as the Interior, Vancouver Island and Northern regions.

Data Source: BC Coroners Service

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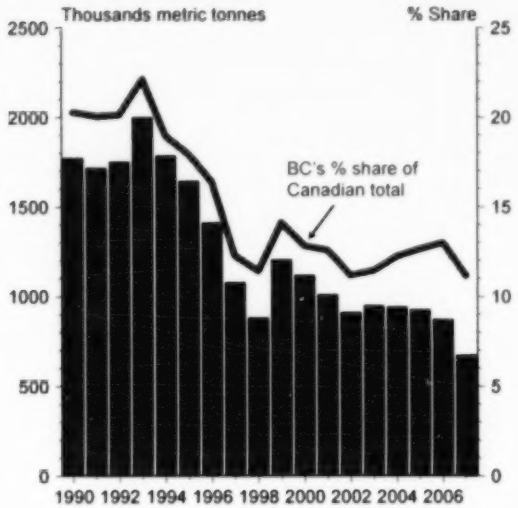
For data originating from Statistics Canada, data sourced to 'Statistics Canada' has been retrieved from CANSIM, the agency's electronic database; otherwise the source is identified as 'SC' plus the catalogue number.

Contact: Dan Schrier
250 387-0376
Originally published in
Exports Issue 08-06

Bad News for Newsprint Exports

British Columbia exports of newsprint have been trending downward for several years, but they hit a low point in 2007 with volumes dropping 23.0% compared to 2006. Since peaking in 1993, the quantity of newsprint shipped abroad has plunged 66.4%.

Exports of newsprint from British Columbia have fallen dramatically over the last 15 years

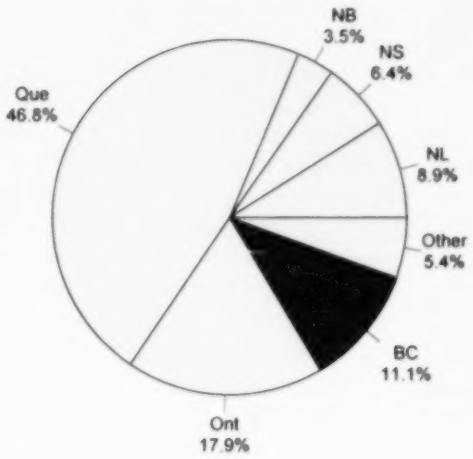


Source: Statistics Canada

The story is much the same across the rest of the country. Overall Canadian exports of newsprint fell 33.3% from 1993 to 2007. The larger decline for British Columbia resulted in a reduced share of total Canadian newsprint exports, from around 20% in the early 1990s, to only 11% in 2007. BC still ranks third among the provinces, behind only Quebec (47%) and Ontario (18%).

Newsprint is used mainly to produce newspapers, of which daily newspapers comprise the bulk of the market, with advertising flyers and non-daily newspapers

BC ranked third in the country in terms of exports of newsprint in 2007



Source: Statistics Canada

making up a much smaller portion of the demand for the product. It is the lowest grade of paper manufactured from wood pulp and, consequently, brings the lowest price of any paper product.

The reasons for the slump in exports of the product from Canada include falling demand and foreign competition. The primary market for Canadian newsprint is the United States. In 2007, 56% of newsprint exported from British Columbia was destined for the US.

Circulation of newspapers in North America has been on the decline since the 1980s as competition for news delivery has widened, first with the proliferation of all-news cable television networks, then with the advent of the Internet. The Internet in particular has had a dampening effect on demand for newspapers. Not only are many of the top daily North American newspapers

available on-line, but most can be viewed for free and the information can be updated far more quickly than in the print version.

Recently, some of the largest dailies in the United States have decided to make their Internet-version free, including the New York Times, as they realized that they could make more money from advertising on their website if they opened up their readership to a wider audience. It remains to be seen if this will cause further deterioration to the demand for newsprint, but given that advertising dollars are finite and advertisers will likely put their money where it will get the biggest bang for the buck, if on-line news sites continue to increase their readership, it seems inevitable that advertising revenue for print newspapers will likely decline. If this happens, there could be a reduction in the number of newspapers, which would further reduce the demand for newsprint.

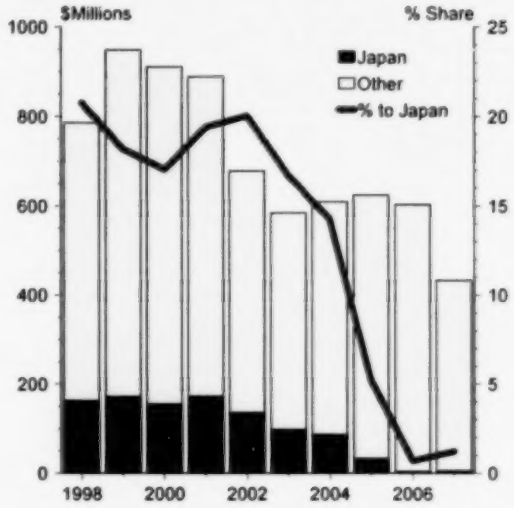
Somewhat surprisingly, falling circulation is not a worldwide trend. In fact, outside of North America and parts of Europe, there have actually been significant increases in newspaper readership. According to the World Association of Newspapers, worldwide newspaper sales climbed 2.6% in 2007 and that excludes free dailies, which boosts the increase in circulation to 3.7% last year and a whopping 14.3% over the last five years.[1] The top three newspaper markets are all in Asia: China (107 million copies per day), India (99 million) and Japan (68 million). The United States is next, at almost 51 million copies daily, followed by Germany with just under 21 million. Circulation in Asia jumped 4.7% in 2007, in contrast to the 2.1% decline in North America and the 1.2% drop in Europe.

[1] World Association of Newspapers, "World Press Trends: Newspapers Are a Growth Business," June 2, 2008.

The rise of readership in India is reflected in the jump in newsprint exports from BC to that country. In the last decade, India has increased its share of BC's newsprint exports from virtually nothing in 1998 to over 13% in 2007. Nevertheless, the value of exports of newsprint to India from BC fell 30% from 2006 to 2007.

Increased newsprint production in Asia has usurped a significant portion of BC's newsprint market in that region. A substantial part of the drop in the volume of exports from BC is due to a sharp drop in shipments to Japan. From 1998 to 2007, Japan's share of BC's newsprint exports fell from 21% to only 1%. BC shipped $163 million worth of newsprint to Japan in 1998, but this dropped to just $5.2 million a decade later.

BC exports of newsprint to Japan have plummetted in the last decade



Source: Statistics Canada

Given the growth in newspaper circulation in Asia, the loss of a significant portion of the Asian market to foreign producers is disconcerting for BC newsprint producers. If BC producers want to recoup some of the ground lost over the last several years, it

would seem that Asia would be the most likely market to go after.

There has been significant growth in shipments to Mainland China in recent years and, with the exception of the sharp drop in 2007, India has become a major market for BC newsprint. These two countries could be the key to the health of BC's newsprint industry. Japanese demand for imported newsprint has slumped substantially in recent years, partially due to an increase in domestic production and partly because of a decline in demand. It is less likely that BC producers will be able to recapture that market.

Closer to home, it does not look like the North American demand for newsprint will expand any time soon. In fact, as a result of a recent merger between Abitibi-Consolidated, Inc. and Bowater Inc., there have been some mill closures, which have reduced the supply of newsprint. This, in turn, has led to a rise in price despite declining demand. Newspaper publishers have responded by cutting back on circulation and moving to smaller pages.[2] This will almost certainly further reduce the North American demand for newsprint. Unless BC producers can manage to boost their share of the Asian market, there could be some tough times ahead for BC's newsprint industry.

[2] Rabil, Sarah, "Newsprint prices rise even as demand falls," The Buffalo News, July 6, 2008.

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also on the Internet at www.bcstats.gov.bc.ca

BC at a glance . . .

POPULATION (thousands)	Apr 1/08	% change on one year ago
BC	4,428.4	1.5
Canada	33,223.8	1.1
GDP and INCOME (Revised Apr 28)		
(BC - at market prices)	2007	% change on one year ago
Gross Domestic Product (GDP) *($ millions)*	190,214	5.5
GDP *($ 2002 millions)*	163,200	3.1
GDP *($ 2002 per Capita)*	37,258	1.7
Personal Disposable Income *($ 2002 per Capita)*	24,728	3.0
TRADE ($ millions, seasonally adjusted)		% change on prev. month
Manufacturing Shipments - Jun	3,379	-2.1
Merchandise Exports - Jun	2,895	3.1
Retail Sales - Jun	4,844	1.3
CONSUMER PRICE INDEX	% change on one year ago	12-month avg % change
(all items - Jul 2008)		
BC	3.3	1.7
Vancouver	3.6	1.9
Victoria	2.9	1.2
Canada	3.4	2.3
LABOUR FORCE (thousands)		% change on prev. month
(seasonally adjusted)	Aug '08	
Labour Force - BC	2,429	-0.1
Employed - BC	2,325	0.0
Unemployed - BC	104	-3.1
		Jul '08
Unemployment Rate - BC *(percent)*	4.3	4.4
Unemployment Rate - Canada *(percent)*	6.1	6.1
INTEREST RATES (percent)	Sep 3/08	Sep 5/07
Prime Business Rate	4.75	6.25
Conventional Mortgages - 1 year	6.65	7.05
- 5 year	6.85	7.24
US-CANADA EXCHANGE RATE	Sep 3/08	Sep 5/07
(avg. noon spot rate) Cdn $ per US $	1.0607	1.0508
(closing rate) US $ per Cdn $	0.9425	0.9492
AVERAGE WEEKLY WAGE RATE		% change on one year ago
(industrial aggregate - dollars)	Aug '08	
BC	777.68	2.8
Canada	788.85	3.5

SOURCES:

Population, Gross Domestic Product, Trade, Prices, Labour Force, Wage Rate } Statistics Canada

Interest Rates, Exchange Rates: Bank of Canada Weekly Financial Statistics

For latest Weekly Financial Statistics see www.bankofcanada.ca

Immigration & Diversity Profiles

The WelcomeBC site now features two series of graphic profiles based on the 2006 Census. Over 200 individual documents in each series reveal the characteristics of British Columbia, its regions, and communities.

www.welcomebc.ca/en/growing_your_community/trends/2006/

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Released this week by BC Stats

- Labour Force Statistics, August 2008
- Earnings & Employment Trends, August 2008

Next week

- Tourism Sector Monitor, August 2008
- Quarterly Regional Statistics, 2nd Quarter 2008
- Exports, July 2008

BC Stats, Ministry of Labour and Citizens' Services, Box 9410 Stn Prov Govt, Victoria, B.C. V8W 9V1
Tel: (250) 387-0327 Fax: (250) 387-0329 Web: www.bcstats.gov.bc.ca E-mail: BC.Stats@gov.bc.ca